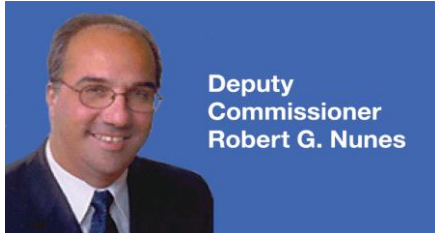


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City & Town

Amy Pitter, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



Deputy
Commissioner
Robert G. Nunes

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A Governor's Partnership with Cities and Towns

Those who were in attendance at the January 24th budget workshop DLS hosted at the annual meeting of the Massachusetts Municipal Association at the Hynes Convention Center in Boston were treated to a surprise appearance by Governor Deval Patrick. I, along with Secretary for Administration and Finance Glen Shor and DOR Commissioner Amy Pitter, was honored to have the governor attend our DLS workshop given the close working relationship the governor has fostered between state government in general and DLS in particular with cities and towns.

The governor has attended the MMA annual conference every year. His appearance in this setting was his final as governor, and showed

again that from the very start of his years as the state's chief executive, Governor Patrick has shown a deep commitment to listening to the needs of cities and towns and acting on those concerns.

Whether dispatching Lt. Gov. Timothy Murray to visit local officials through a Municipal Affairs Coordinating Cabinet tasked with hearing their concerns or encouraging reform and regionalization through the annual Regionalization Conference and creation of a new grant program to fund regionalization projects (Community Innovation Challenge grants), Gov. Patrick has laid a strong foundation for a state partnership with cities and towns. Many tools have been developed to address shrinking municipal budgets during difficult fiscal times like encouraging cities and towns to join the GIC to control health insurance costs and the emergence of dedicated revenue streams for cities and towns such as the local option meal and room taxes.

We in DLS have a special appreciation for the work done in cities and towns, and we know the governor does as well. As DLS Deputy Commissioner, it has been a source of great personal satisfaction to see the blossoming of relations between the state and city and town government, and that will continue throughout 2014. This would not have happened without the strong and insistent support of Governor Patrick.

Staying on the theme of partnership, the governor's initiative to create a more streamlined, customer-centric and efficient state government through performance management is bearing fruit in DLS through our annual efforts to survey city and town stakeholders about our processes, especially as those relate to the setting of tax rates.

I recently mailed to accountants, auditors and finance directors our annual survey on the recently concluded tax-rate setting season. In our FY13 survey your responses prompted DLS to make changes in our internal processes. This is again your opportunity to tell us if there are more changes we should consider in the tax rate setting process. I will send out a reminder before the survey closes at 5 p.m. on Feb. 12th. All responses are anonymous and survey results will be published on our website just as they were a year ago.

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Ask DLS

This month's *Ask DLS* features frequently asked questions on personal property forms of list. Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us.

What are the requirements for reporting personal property for local tax purposes?

Persons and entities that own or hold locally valued taxable personal property on January 1 must file a personal property return reporting those assets, known as a Form of List, with the assessors of the city or town where the property is situated. [G.L. c. 59, sec. 29](#). The following Forms of List are used to make the return:

- [State Tax Form 2HF](#) - Filed by individuals who own or hold taxable household furnishings and effects not located at their domiciles, for example at vacation or second residences.
- [State Tax Form 2MT](#) - Filed by individuals, partnerships, associations, trusts, corporations, limited liability companies and other legal entities in the business of providing cellular or mobile telecommunications.
- [State Tax Form 2](#) - Filed by all other individuals, partnerships, associations, trusts, corporations, limited liability companies and other legal entities.

Machinery, poles, wires, underground conduits, wires and pipes owned by telephone and telegraph companies, and pipelines over 25 miles in length owned by oil or gas pipeline companies, are subject to central valuation by the Department of Revenue and file returns reporting the property owned on January 1 with the Department. [G.L. c. 59, secs.38A or 41](#). Any other taxable personal property owned by those pipeline or telephone and telegraph companies must be reported to the assessors on [State Tax Form 2](#).

The following organizations that own real or personal property on January 1 and intend to claim exemption from local taxation for the fiscal year that begins the next July 1 must also file a return reporting the property with the assessors of the city or town where it is located: (1) charitable, benevolent, educational, literary, temperance or scientific organizations and trusts seeking exemption under [G.L. c. 59, sec. 5\(3\)](#) and (2) veteran organizations seeking exemption under [G.L. c. 59, sec. 5\(5\), \(5A\), \(5B\) or \(5C\)](#). That return is made on [State Tax Form 3ABC](#).

Persons or entities that do not own taxable personal property on January 1 are not required to file a return. A city or town may adopt a local option that exempts the otherwise taxable personal property of an owner if the total value of those assets does not exceed an amount it votes, which cannot be more than \$10,000. [G.L. c. 59, sec. 5\(54\)](#). In communities with this exemption for "small personal property accounts," the owner must still file an annual return including the assets in the account as the taxpayer's total valuation and the community's exemption amount may change from year to year. Each year, the assessors will determine the value of the reported property and whether the exemption applies that year.

What is the deadline for filing required Forms of List?

All forms of list returned to the assessors are due on or before the March 1 before the July 1 beginning of the fiscal year of the tax. The assessors may extend the filing date if the taxpayer shows a reasonable excuse for not filing on time. The latest the assessors can extend the deadline is the last day for applying for abatement of the tax for the fiscal year to which the return relates. [G.L. c. 59, sec. 29](#).

For example, forms of list reporting assets owned or held on January 1, 2014 for the fiscal year that begins on July 1, 2014 (fiscal year 2015) must be received by the assessors on or before March 1, 2014 unless an extension is granted. The last day to which an extension can be granted is the date abatement applications for fiscal year 2015 are due. In a community that issues its tax bills using the quarterly system, for example, that date would be February 1, 2015.

Forms of list returned to the Department of Revenue are due January 31 if filed by a pipeline company, [G.L. c. 59, sec. 38A](#), and March 1 if filed by a telephone or telegraph company, [G.L. c. 59, sec. 41](#).

May the assessors grant a filing extension after the March 1 deadline?

Yes. The only limitation on the assessors' power to extend the filing deadline for a particular property owner is that the extension cannot be after the due date for abatement applications for the fiscal year. [G.L. c. 59, sec. 29](#).

Does the taxpayer have to provide an estimate of value in the return?

No. The assessors determine the fair cash value of all property for

local tax purposes. [G.L. c. 59, sec. 38](#). The taxpayer must provide the detailed information about the assets required by the schedules in the return, which includes year of purchase and purchase price or acquisition cost. The assessors will use this information to determine fair cash value and are not bound by the taxpayer's estimate of that value.

Are Forms of List returned to the assessors open to public inspection?

Taxpayers (or their authorized representatives) may have access to or copies of the returns they submit, but the property schedules contained in the returns are not available to the public for inspection under the state public records law. They are confidential and cannot be disclosed to anyone except the assessors and their staff, the Department of Revenue, designated private auditors hired by the assessors or Department to value the property or audit assessing records, or others by court order. [G.L. c. 59, sec. 32](#). Other parts of the return, such as taxpayer information and signatures, are public records.

Is there any penalty for failure to file a Form of List, or in filing a late return, with the assessors?

Yes. If a taxpayer owning taxable personal property does not file a return, the assessors will assess the tax based on their best information and belief. They cannot grant the taxpayer an abatement for overvaluation.

If a taxpayer files a return after the filing deadline, however, the assessors may abate the tax if (1) the taxpayer has a reasonable excuse for the late filing, or (2) the tax exceeds 50 percent of the tax that would have been assessed if the return had been timely filed. The taxpayer in that case is penalized because the assessors can only abate the amount over 150 percent of the amount that would have been assessed.

For example, if a taxpayer does not file a list and the assessors valued property actually worth \$1000 at \$2000, no abatement may be made. If the taxpayer files the list after the deadline without a reasonable excuse, but applies for abatement in a timely manner, the assessors may grant an abatement of \$500 of value. If the assessors determine the taxpayer has a reasonable excuse for the late filing, however, they may grant an abatement of \$1,000 of value. [G.L. c. 59, sec. 61](#).

\$4 Million in Community Innovation Challenge Grants Awarded

Executive Office of Administration and Finance

Secretary of Administration and Finance Glen Shor today announced the 37 projects slated to receive funding from the \$4 million Community Innovation Challenge (CIC) grant program. Now in its third year, the Patrick Administration originally authorized the establishment of the CIC program in the Fiscal Year 2012 budget. The program incentivizes and supports regionalization and other cost saving initiatives that will change the way local governments do business to maintain service delivery and stretch every taxpayer dollar as far as possible.

"The CIC program is a major component of the Patrick Administration's commitment to provide cities and towns with the tools to effectively manage resources and provide services to their residents," said Secretary Shor. "This program provides an opportunity for neighboring communities to build partnerships, share services and use their resources wisely."

The project recipients represent a range of geographic and economic diversity across the Commonwealth, and include 16 Gateway Cities. This year, 206 cities and towns representing 59 percent of all municipalities in the Commonwealth will participate in CIC projects. In the three year history of the program, 242 cities and towns, or 69 percent of all cities and towns, have participated in at least one CIC project.

"Investing in the relationships between local governments, school districts, and regional organizations is fundamental for growth and innovation in our state," said State Senator Stephen Brewer. "The Community Innovation Challenge grant program has provided millions of dollars to unique projects around the Commonwealth, and I look forward to seeing the positive effects that it will have on the towns and organizations in my district."

The CIC grant program exemplifies the types of reforms the Patrick Administration has made in challenging fiscal times to make government more effective and efficient. CIC grants provide incentives, such as technical assistance, training, and other one-time

or transition costs for municipal leaders to work together to pursue innovative ways to deliver critical services to taxpayers more efficiently. Ideal projects for the grant program include those with the potential for greatest impact, high levels of innovation and substantial potential cost savings for municipalities.

"We were seeking a solution that would allow us to provide a quality education to all our students while not overburdening taxpayers," said Pam Beaudoin, Superintendent of the Machester-Essex Regional School District. "The CIC program allowed us to develop an in house program for students, realizing a savings of \$342,000 in two years while proving a quality education for our students."

As the most rural county in Massachusetts, the member towns of the Franklin Regional Council of Governments have long recognized the value of sharing services and expenses.

"CIC grants have been a great and invaluable resource for the expansion of regionalization efforts in Franklin County," said Linda Dunlavy, the Executive Director of the Franklin Regional Council of Governments (FRCOG). "CIC funds have enabled us to open a regional dog shelter that serves 14 towns and has housed more than 200 dogs and adopted out 40 percent since its opening in late 2012. CIC funds have also created a regional health district that brings efficiency, accessibility and professionalism to ten small rural towns."

In Fiscal Year 2012, the Patrick Administration invested \$4 million into 27 unique projects. The Administration provided an additional \$2.25 million in Fiscal Year 2013 to 30 projects. Including the 37 projects receiving funding this year, the Patrick Administration has invested \$10.25 million in 95 projects over a three year period.

For more information on the program and grant recipients, click [here](#).

DLS Announces Training Course 101 for Local Assessors

The Department of Revenue's basic course for assessors, "Course 101: Assessment Administration: Law, Procedures and Valuation," will be offered at the Andover Police Station on Wednesdays beginning April 16th through May 21st from 4pm to 7pm. The training consists of six sessions. Participants must attend five out of six sessions in order to meet the attendance requirements for the online

examination.

The registration form can be found by clicking [here](#). Advanced registration is required as space is limited. Questions and requests for further information can be sent to dlsregistration@dor.state.ma.us.

February Municipal Calendar

February 1	Taxpayer	Deadline for Payment of 3rd Quarterly Tax Bill Without Interest According to M.G.L. Ch. 59, Sec. 57C, this is the deadline for receipt of the 3rd Quarter actual tax payment without interest, unless the actual tax bills were mailed after December 31. If mailed after December 31, the actual tax is due as a single installment on May 1, or 30 days after the bills were mailed, whichever is later.
February 1	Taxpayer	Quarterly Tax Bills Application Deadline for Property Tax Abatement According to M.G.L. Ch. 59, Sec. 59, applications for abatements are due on Feb. 1 unless actual tax bills were mailed after December 31. In that case they are due May 1, or 30 days after mailing, whichever is later.
February 28	Finance Committee	Continue Budget Review and Develop Recommendations This date will vary depending on dates of town meeting.

Final Day of Each Month	Treasurer	Notification of monthly local aid distribution.
		Click www.mass.gov/treasury/cash-management to view distribution breakdown.
To unsubscribe to <i>City and Town</i> and all other <i>DLS Alerts</i> , please click here .		